

## Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 AID-05 CEA-01 CIAE-00 COME-00  
EB-07 EA-07 FRB-03 INR-07 NEA-10 NSAE-00 USIA-06  
OPIC-03 SP-02 TRSE-00 CIEP-01 LAB-04 SIL-01 AGRE-00  
OMB-01 STR-04 /088 W  
----- 049945 /66

R 172156Z DEC 76  
FM USMISSION OECD PARIS  
TO SECSTATE WASH DC 4725  
INFO USMISSION EC BRUSSELS  
USDEL MTN GENEVA  
AMEMBASSY MADRID  
AMEMBASSY LISBON  
AMEMBASSY OTTAWA

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E.O. 11652: N/A  
TAGS: OECD, ETRD  
SUBJECT: MEETING OF TRADE COMMITTEE WORKING PARTY  
(TCWP) DECEMBER 13, 1976

REF: A. STATE 301165; B. TD/76.341, DEC. 9, 1976

1. SUMMARY: MEETING OF TRADE COMMITTEE WORKING PARTY  
WAS HELD DECEMBER 13 TO PROVIDE FURTHER GUIDANCE TO  
SECRETARIAT FOR WORK ON EAST/WEST RELATIONS, TO  
SCHEDULE FURTHER WORKING PARTY MEETINGS, AND TO DISCUSS  
NOTIFICATIONS OF CHANGED TRADE POLICIES OR PRACTICES  
BY SPAIN, PORTUGAL, CANADA, NORWAY AND THE U.S.  
END SUMMARY.

2. MAIN TOPIC OF MEETING WAS EAST/WEST RELATIONS.  
SECRETARIAT (POINCILIT) REQUEST FOR TCWP GUIDANCE ON  
PRIORITIES FOR SECRETARIAT WORK LED TO EXTENSIVE  
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DISCUSSION. IN ADDRESSING QUESTION, NUMBER OF DELE-  
GATES REFERRED TO IMPORTANCE OF DRAWING TO THE  
FULLEST ON WORK BEING DONE ELSEWHERE, AVOIDANCE OF  
DUPLICATION, UNCERTAINTY REGARDING AVAILABILITY OF  
ADDITIONAL RESOURCES FOR THE TRADE DIRECTORATE. MOST  
COMMENTS WERE ON WORK PRIORITIES AND ESSENTIALLY RE-

PEATED DISCUSSION AT TRADE COMMITTEE. CHAIRMAN'S SUMMARY INCLUDED FOLLOWING ELEMENTS: TCWP MEETING WITH EXPERTS FROM CAPITALS WOULD BE HELD ON JANUARY 25, 26 AND PERHAPS 27. SECRETARIAT WOULD PREPARE ANNOTATED AGENDA, WHICH WOULD INCLUDE FOLLOWING ELEMENTS:

(A) WORK ON TRENDS OF TRADE FLOWS WITH EASTERN COUNTRIES (REF B, ITEM 5, I). THIS, HOWEVER, COULD NOT BE A VERY THOROUGH TREATMENT OF THE SUBJECT IN VIEW OF THE LIMITED RESOURCES AND TIME AVAILABLE.

(B) SECRETARIAT WORK ON ANALYSIS OF TRADE PRACTICES BY EASTERN COUNTRIES (REF B, ITEM 5, II) WOULD INVOLVE A CRITICAL DESCRIPTION OF EXISTING DOCUMENTS INVITING EXPERTS TO DEVOTE THEIR ATTENTION TO HOW GAPS IN KNOWLEDGE COULD OR SHOULD BE FILLED IN.

(C) SECRETARIAT WOULD SEEK TO FOCUS MAJOR DISCUSSION FOR JANUARY TCWP/EXPERTS MEETING ON ISSUES INVOLVING THE BALANCE OF ADVANTAGES IN TRADE RELATIONS WITH EASTERN COUNTRIES (REF B, ITEM 5, III). CHAIRMAN'S SUMMATION SAID NOTHING ABOUT EAST/SOUTH RELATIONS WHICH NUMBER OF DELEGATES (UK, CANADA) HAD RECOMMENDED FOR LOW PRIORITY AND WHICH U.S. REP HAD RECOMMENDED BE RETAINED FOR CONSIDERATION PERHAPS BASED ON SECRETARIAT DESCRIPTION OF WORK IN OTHER FORUMS, SUCH AS UNCTAD.

3. WITH REGARD TO THE FINANCING OF EAST/WEST TRADE (REF B, ITEM 5, IV) IT WAS UNDERSTOOD THAT THIS WORK WOULD GO TO THE EXPORT CREDITS GROUP SCHEDULED TO MEET ON APRIL 19 AND 20. A PRIOR MEETING OF EXPERTS LIMITED OFFICIAL USE

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WAS ENVISAGED BUT NOT SCHEDULED AT THIS TIME. WITH REGARD TO THE SCOPE OF THE WORK INTENDED, U.S. REP STATED HE THOUGHT ECG AND TRADE DIRECTORATE SHOULD NOT SEEK TO COVER ALL ASPECTS OF EAST/WEST FINANCING BUT RATHER THOSE ASPECTS WHICH WERE TRADE RELATED. HE THOUGHT, FOR EXAMPLE, QUESTIONS OF EUROCURRENCY FINANCING WOULD BENEFIT FROM THE EXPERTISE AVAILABLE ELSEWHERE IN THE ORGANIZATION. IN RESPONSE, POINCILIT GENERALLY AGREED WITH THIS, ADDING THAT CERTAIN ELEMENTS OF FINANCING SUCH AS COMPENSATION AGREEMENTS WERE RELATED TO THE WAY IN WHICH BUSINESS TRANSACTIONS WERE COMPLETED AND SHOULD BE HANDLED WITHIN THE TRADE COMMITTEE AEGIS. WE ASSENTED TO THIS FORMULATION.

4. SCHEDULING: IN ADDITION TO TCWP/EXPERTS MEETING ON EAST/WEST ECONOMIC RELATIONS SCHEDULED FOR LATE JANUARY, TWO OTHER DATES WERE SET. A ONE-DAY MEETING ON THE TRADE PLEDGE WAS SCHEDULED FOR FEBRUARY 22.

THIS DATE WAS BASED ON THE BELIEF THAT COMMENTS AT  
THE FEBRUARY 3-4 XCSS SHOULD BE TAKEN INTO ACCOUNT,  
WHILE ENOUGH TIME SHOULD BE LEFT AFTER THE WORKING  
PARTY TO ALLOW PREPARATIONS FOR THE TRADE COMMITTEE

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ON MARCH 22-23. A POSSIBLE SECOND WP MEETING BEFORE  
THE TRADE COMMITTEE WAS NOT PRECLUDED. A TCWP  
MEETING ON DIFFERENTIAL TREATMENT WAS SCHEDULED FOR  
FEBRUARY 28 AND MARCH 1, BUT POINCILIT HAS SUBSE-  
QUENTLY TOLD US THAT THESE DATES WILL NEED TO BE  
PUSHED BACK BECAUSE OF A CONFLICT WITH MEETINGS IN  
GATT, AND HE PLANS TO PROPOSE MARCH 7-8.

5. NOTIFICATIONS: SINCE IT INITIALLY APPEARED THAT  
NO OTHER DELEGATE WAS PREPARED TO COMMENT ON THE  
SPANISH NOTIFICATIONS, THE U.S. REP OPENED WITH A  
STATEMENT AS INSTRUCTED IN REF A. THE SPANISH REP  
THEN MADE A DETAILED STATEMENT ON THE DIFFICULTIES  
ENCOUNTERED BY THE SPANISH ECONOMY AND OF THE MEASURES  
TAKEN. IN RESPONSE TO OUR QUESTION, HE STATED

FLATLY THAT NO GATT BINDINGS WOULD BE VIOLATED BY  
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THE SPANISH MEASURES AND THAT ANY INCREASES, INCLUDING THE 20 PERCENT TARIFF SURCHARGES OF OCTOBER, WOULD BE LIMITED BY THE GATT OBLIGATIONS IF THEY OTHERWISE WOULD INFRINGE BINDINGS. FOLLOWING THE SPANISH STATEMENT THE NETHERLANDS DELEGATE STATED A SENSE OF CONCERN WITH RESTRICTIVE MEASURES WHICH HAD BEEN TAKEN BY A NUMBER OF COUNTRIES OF WHICH SPAIN WAS ONLY ONE. IF ALL COUNTRIES FACED WITH PROBLEMS RE-ACTED WITH RESTRICTIVE MEASURES, THE DUTCH FEARED THAT THE DANGERS OF TRADE WARS, COMPETITIVE EVALUATIONS, AND THE LIKE WOULD BE INTENSIFIED. HE NOTED THAT HIS STATEMENT WAS DIRECTED AT THE TCWP IN GENERAL, NOT SIMPLY AT SPAIN. SWEDEN ASKED FOR THE TEXT OF THE SPANISH STATEMENT, HOPED THE MEASURES WOULD BE TEMPORARY AND THAT INTERNAL MEASURES WOULD BE SUCH THAT SPAIN COULD LIFT THESE MEASURES AFTER SIX MONTHS. THE EC ALSO ASKED FOR THE SPANISH TEXT.

6. PORTUGAL: THE PORTUGUESE DELEGATE REFERRED TO THE FACT THAT ENABLING LEGISLATION HAD BEEN OBTAINED LAST OCTOBER ALLOWING THE GOP TO IMPOSE QUOTA RESTRICTIONS SHOULD THIS PROVE NECESSARY. NO SUCH RESTRICTIONS HAD IN FACT BEEN IMPOSED UNDER THIS LEGISLATION (IN FACT, THIS ENABLING LEGISLATION IS THE SUBJECT OF A SEPARATE NOTIFICATION AND WILL BE CONSIDERED BY A LATER TCWP). US REP MADE STATEMENT CONTAINED REF A.

7. CANADA: THE EC REP EXPRESSED SURPRISE AND DIS-APPOINTMENT AT THE CANADIAN TEXTILE ACTIONS SINCE THESE MEASURES WERE WIDE RANGING AND MIGHT HAVE FAR REACHING EFFECTS ON INTERNATIONAL TRADE. THE SWEDISH REP MADE A SIMILAR STATEMENT NOTING THAT HIS REMARKS WERE PRELIMINARY SINCE HE HAD IN FACT NOT FULLY STUDIED THE CANADIAN NOTIFICATION. THE CANADIAN REP THEN READ A LENGTHY STATEMENT OF EXPLANATION WHICH WILL BE DISTRIBUTED.

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8. THERE WAS NO DISCUSSION OF THE NORWEGIAN NOTIFICATION.

9. ON THE U.S. ACTIONS ON BRANDY, THE FRENCH REP

SAID THAT FRENCH COGNAC EXPORTS WERE DIRECTLY AFFECTED.  
SHE SAID THAT THE FRENCH PRESS HAD MADE CLEAR FRENCH  
PREOCCUPATIONS WITH THIS ISSUE AND THAT THE FRENCH  
GOVERNMENT HAD MADE ITS CONCERNS KNOWN TO THE U.S.  
AMBASSADOR. THE U.S. REP RESPONDED USING THE GUIDANCE  
IN REF A (AFTER THE MEETING THE EC REP SAID HE HAD  
PLANNED TO COMMENT ON THE U.S. MEASURES WHICH HE  
FELT WERE PROPERLY WITHIN HIS JURISDICTION, BUT SINCE  
THE FRENCH REP HAD CHOSEN TO MAKE A STATEMENT HE HAD  
DECIDED TO REMAIN SILENT).  
TURNER

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## Message Attributes

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